Micro Farm 2024

The Micro Farm Program provides a risk management safety net for all commodities on your farm under one insurance policy.

What type of farms are best suited for the Micro Farm Program?

Micro Farm is tailored for any farm with up to $350,000 in revenue from agricultural commodities, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets.

What farm revenue is covered?

The amount of farm revenue you can protect with Micro Farm is based on the approved revenue of your farm operation, which is the lower of the revenue expected on your current year’s farm plan or your whole-farm historic average revenue. This represents an insurable revenue amount that can reasonably be expected to be produced on your farm during the insurance period. All commodities produced by the farm are covered under Micro Farm except timber, forest, and forest products, and animals for sport, show, or pets.

What adjustments are made for farm growth in determining my insured revenue amount?

If your farm operation has been expanding over time you may be allowed to increase your approved revenue amount based on an indexing procedure. The indexing procedure requires 5 consecutive years of revenue history and measures growth of the farm operation over this period.

Are there limits to what farms can be insured under Micro Farm?

Yes. If any of the following limits are exceeded, the farm will not qualify for Micro Farm:

- The farm's approved revenue cannot exceed $350,000 if you are first year insured, or $400,000 if you are a carry-over insured (meaning you had a Micro Farm policy last year).
- The farm cannot have more than 50 percent of total revenue from commodities purchased for resale.

How and where do I purchase Micro Farm insurance?

Micro Farm is available for purchase from your local crop insurance agent. You can find a crop insurance agent at the following link on the Risk Management Agency (RMA) website: www.rma.usda.gov/tools-reports/agent-locator. These agents work for Approved Insurance Providers (AIP) that have reinsurance agreements with the RMA

What type of subsidy is available for Micro Farm?

Premium subsidy for Micro Farm will be based on the coverage level you elect, using a whole-farm premium subsidy.

Micro Farm Subsidy: Percentage of Total Premium Paid by Government

Coverage Level	**50%**	**55%**	**60%**	**65%**	**70%**	**75%**	**80%**	**85%**
Subsidy for Micro Farm	80%	80%	80%	80%	80%	80%	71%	56%

Where is Micro Farm Available?

Micro Farm is available in all 50 states and all counties within each state.

What is the last date to purchase (sales closing date) WFRP?

Farm tax records are used to determine the amount of insurance under Micro Farm. Some producers file their taxes on a calendar basis and some file their taxes on a fiscal year basis.

For calendar year tax filers and fiscal year filers with a fiscal year beginning August 1 or earlier, sales closing dates are the same as other spring crop sales closing dates applicable for your county and will be February 28, March 31, or April 15. For fiscal year filers with a fiscal year beginning September 1 or later, the sales closing date is November 20.

Micro Farm needs to be purchased at the same time regardless of how taxes are filed, as shown in the following examples:
Example 1: A calendar year tax filer's tax year for 2024 begins January 1, 2024. Micro Farm must be purchased on or before the county SCD in 2024 (i.e., February 28, March 31, or April 15, 2024.)
Example 2: Early fiscal year tax filers, must purchase their Micro Farm policy by the SCD in the year that corresponds to the year **in which the tax year begins**. In this example the fiscal tax year is July 1, 2024, to June 30, 2025. WFRP must be purchased on or before the county SCD in 2024 (i.e., February 28, March 31, or April 15, 2024.)
Example 3: Late fiscal year tax filers, must purchase their Micro Farm policy by the late SCD in the year that corresponds to the year **in which the tax year begins**. In this example, the fiscal tax year is October 1, 2023, to September 30, 2024. Micro Farm must be purchased on or before November 20, 2023.

Consult a crop insurance agent or check the Actuarial Information Browser on the RMA website to find the sales closing date for your county. The Actuarial Information Browser can be found on RMA's website at: AIB Landing Page (usda.gov).

What coverage levels are available for Micro Farm?

Micro Farm offers coverage levels from 50 to 85 percent in 5 percent increments.

When does my coverage begin?

For first year insureds under Micro Farm, coverage begins the later of the first day of the insurance period or ten days after the application is accepted by your approved insurance provider.

What is the insurance period for Micro Farm?

The insurance period under Micro Farm is based on your tax year. If you are a calendar year filer, the insurance period is January 1, 2024, through December 31, 2024. If you are a fiscal year filer your insurance period will be the same as your fiscal tax year (e.g., October 1, 2023, to September 30, 2024).

How do I determine the prices to use for the commodities on my farm plan?

Commodities are not assigned individual prices under Micro Farm. Instead, one value for all commodities on your farm operation is established based on the average allowable revenue of the previous three to five years.

Is replant coverage part of Micro Farm?

No, replant coverage is not offered under the Micro Farm program.

Can I purchase individual FCIC reinsured crop insurance policies for my commodities in addition to Micro Farm?

Yes. You may purchase an individual FCIC reinsured crop insurance policy for any commodity produced on your farm operation. However, you will not receive any adjustment to your Micro Farm premium and indemnities received from other FCIC reinsured policies will only be considered revenue at claim time if they exceed your Micro Farm deductible.

Are there any post-production expenses that can be included in my income?

Market readiness and post-production operations, such as canning, freezing, and processing activities, can be included in your allowable revenue, and will be used when calculating your farm’s insurance guarantee under Micro Farm. Revenue from sources other than agricultural commodities, such as bottled water or souvenir sales, must be removed from allowable revenue.

Is Industrial Hemp coverage available under Micro Farm?

Yes. Industrial Hemp is an insurable commodity provided it meets the requirements for insurability within the Micro Farm provisions, such as, but not limited to:

- Must comply with applicable State, Federal, or Tribal plan.
- Must have a production contract with a processor.
- THC levels exceeding 0.3 percent is considered an uninsurable cause of loss.

Why aren't my crop insurance payments from historic years included in my historic revenue? And why are they included as revenue for the insured year?

Historic insurance payments and other government agricultural payments are not included as revenue because they are not earned as part of the farming operation and cannot be expected to be paid year-to-year. The insurance guarantee must be based on what can be expected to be produced based on what has actually been produced historically. However, these payments are included as revenue-to-count for the insured year because they are earned during the insurance period as a result of the farm operation and are, therefore, part of farm revenue.

Are other government program payments, such as Market Facilitation Payments or state disaster payments, from historical years included in my historic revenue and revenue for the insured year?

Historic government agriculture program payments are not included as revenue because they are not earned as part of the farming operation and cannot be expected to be paid year-to-year. The insurance guarantee must be based on what can be expected to be produced based on what has been produced historically.

Does Micro Farm offer any options to help me moderate losses in my historic years?

Yes. Micro Farm has three insurance options to help moderate your losses in your historic years:

1. Exclusion of the lowest revenue year;
2. A revenue plug equal to 60 percent of your average historical revenue for historical years that fall below that amount; and
3. If you are a carryover insured, an option to cup your approved revenue to 90 percent of your previous year's Micro Farm approved revenue.

These three-options work similar to the available option under the approved production history plan of insurance.

Why are some Commodity Credit Corporation (CCC) loans included in my revenue and some are not?

For some commodities, such as peanuts and sometimes cotton, when you sell them to a private buyer, the buyer pays back the CCC instead of you. In this case you keep the CCC loan money and don't directly pay it back to the CCC. Instead the buyer pays the loan back and pays you only the difference. In these cases, the result is that you actually are receiving the amount of the CCC loan plus the difference so the total amount will be included in your revenue. Example: The producer receives 50 cents as a CCC loan. The cotton is sold to a ginner at a price of 62 cents in the form of 12 cents paid to the producer and 50 cents paid directly to the CCC to repay the loan for the producer. The producer keeps the 50 cents originally obtained from the CCC and the 12 cents from the ginner.

The revenue result is the same for a producer who pays back a CCC loan to the CCC and receives the full payment from the buyer for the commodity. Example: The CCC loan was $3.53 and was provided to the producer. The producer sells to the local elevator for $3.67. The elevator pays the producer $3.67 and the producer pays back the CCC $3.53.

What information does a producer need to provide for Micro Farm?

You will need certain information for the approved insurance provider to underwrite Micro Farm insurance. This includes:

- At least three years of historic Schedule F farm tax records.
- If you don’t file Schedule F you will need the farm tax forms you file plus supporting information so a Substitute Schedule F form can be completed.
- Your farm plan for the year to show your acres and expected revenue you plan to produce.
- You will also need your historical sales records that comprise a complete marketing record of commodities on your farm operation, as well as acceptable verifiable records to support the number of acres (or other unit of measure as applicable).

Do I have to submit three separate Farm Operation Reports (an Intended, Revised, and Final)?

The Farm Operation Report has three sections: Intended, Revised, and Final. During the course of the year, you will work to complete all three sections of the form. The Intended section tells what you expect to produce for the year and is used to quote your initial premium. If you follow your Intended plan, you will not have to revise your Farm Operation Report (referred to as your Revised Farm Operation Report), just sign the report as complete. However, if you make changes to your Intended plan, you will report these changes when you complete your Revised Farm Operation Report and your amount of insurance and premium will be recomputed based on what you actually ended up growing for the year. The Revised Farm Operation

Report is similar to the Acreage Report used for other types of Federal crop insurance. At the end of the insurance period and prior to your next year's sales closing date, you will complete the Farm Operation Report by filling out the Final section. If you do not complete the Final section, you will be limited to the 65 percent coverage level the following year.

How are my Federal farm income tax returns used for Micro Farm?

Specific items on the Federal farm income tax returns are entered onto worksheets for Micro Farm. These worksheets have room for adjustments to remove items that are not allowed to be insured. Once these numbers are sorted through and items that cannot be insured are adjusted out, the totals left on these worksheets are "allowable revenue" for the specific tax year that will be entered on the Whole-Farm History Report. The Federal farm income tax forms are your "revenue history" for the historic years on your farm, similar to an Actual Production History (APH) used for other Federal crop insurance.

What if I don't fill out a Schedule F tax form but use some other farm tax form instead?

If you didn't use a Schedule F tax form, you may use the farm tax form you did complete along with records from your farming operation and complete a Substitute Schedule F form. This will be used, along with your farm plan for the year, to determine your insured amount of revenue. You must be able to show the AIP the records used to complete the Substitute Schedule F form and they must approve these for the farm to be eligible.

Is Micro Farm available to Beginning and Veteran Farmers and Ranchers?

Yes. Beginning farmers and ranchers and Veteran farmers and ranchers with at least three years of farm tax records may be eligible for Micro Farm. Some

BFRs/VFRs or those that qualified as a BFR/VFR in the previous year may be insurable under Micro Farm if they have taken over at least 90 percent of a previous operator’s operation or materially participated in an operation or management of a farm operation and can use the farm tax records from that previous operator.

What are the Micro Farm records requirements?

The Micro Farm program record requirements reflect the type of records some producers keep as sales records. Sales and marketing records can be farm records that are kept during the sales year. The producer must be able to provide three years of production/sales records for expected yield determinations when requested.

How and when is a loss paid for Micro Farm?

At the end of the insurance period and after you have filed your farm income taxes for the policy year, a loss adjuster will complete an Allowable Revenue Worksheet for the policy year using your farm tax forms. The allowable revenue will be adjusted for inventory adjustments, unharvested or unsold production, and production you lost for uncovered causes of loss to determine the revenue-to-count for the year. A loss is paid when the total revenue-to-count for the policy year falls below the insured amount of revenue, multiplied by the expense reduction factor, if applicable.

Can an insured participate in the Non-Insured Assistance Program (NAP) as well as Micro Farm?

Yes. Producers may participate in both programs. Producers may receive both NAP payments and a Micro Farm indemnity. If the NAP payment exceeds the Micro Farm deductible, the amount over the deductible will be considered revenue-to-count for Micro Farm indemnity determinations.

Are losses due to limited irrigation covered by Micro Farm?

The Micro Farm program provides protection for the expected revenue that will be produced on the farm during the insured tax year. The insured amount of revenue is based on the expected farm plan for the policy year and the historical average revenue as shown on the Schedule F farm tax records. If an input, such as irrigation water, used to produce a commodity is not available, then the expected revenue of the commodities that will be impacted by the lack of the input, such as reduced available water, must be decreased to reflect what can be produced that year. For example, under Micro Farm, farms experiencing a reduction or lack of irrigation water, that is known or apparent prior to when the Intended Farm Operation Report is submitted, must reduce the amount of acreage to be grown under the irrigated practice or, if irrigation water is no longer available, it will be necessary to record the commodities as a non-irrigated practice with appropriately reduced yields on the Intended Farm Operation Report.